Central Iowa Power Cooperative

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This report does not constitute a rating action.

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Credit Highlights

- S&P Global Ratings' issuer credit rating (ICR) on Central Iowa Power Cooperative (CIPCO) is 'A'.
- The outlook is stable.

Rationale

Security

CIPCO borrows exclusively from the Federal Financing Bank (FFB), CoBank ACB, the U.S. Department of Agriculture's Rural Utilities Service (RUS), and the National Rural Utilities Cooperative Finance Corp. (CFC). CIPCO does not have capital market debt.

The ICR represents our view of CIPCO's overall creditworthiness and its capacity and willingness to meet its financial commitments in full as they come due. It does not apply to any specific financial obligation, as it does not consider the nature and provisions of those obligations, their standing in bankruptcy or liquidation, statutory preferences, or the legality and enforceability of the obligations. Long-term debt is secured by property pledged under the cooperative's mortgage indenture. As of fiscal year-end 2025, CIPCO had about $464 million in total long-term debt outstanding.

Credit overview

The rating reflects our view of CIPCO's stable membership base and its robust cost recovery that consistently supports healthy financial metrics. These factors are tempered by the cooperative's open position in its power supply portfolio, which could introduce operational and power cost uncertainty. However, management is actively working to secure several new resources totaling 400 megawatts (MW) over the next four years, including new purchase power agreements (PPAs) and owned natural-gas fired capacity.

CIPCO has entered into a definitive agreement to sell its 20% share of the currently decommissioned Duane Arnold Energy Center nuclear power plant to NextEra Energy, as well as to purchase a share of the plant's output under a PPA. This transaction, if successful, would provide the cooperative with an unbudgeted liquidity infusion through the retention of its decommissioning fund and provide balance sheet relief through the elimination of its decommissioning liability, while simultaneously addressing a portion of its open energy position, which we view positively.

The rating further reflects our view of CIPCO's strengths, including:

- Financial stability through variable fuel and energy market conditions, with fixed-cost coverage (FCC) averaging over 1.5x over the past three years. Our calculations, based on the cooperative's forecast, indicate that FCC could moderate to about 1.3x in the face of debt additions, a level that we view as still supportive of the rating;
- Member contracts through 2062 for all 13 members, providing long-term revenue predictability, with generally stable agricultural service area economies;
- Wholesale rates that compare favorably with those of other generation & transmission (G&T) cooperatives, and member retail rates that were generally close to the state average in 2024;
- Management proactively schedules baseload and capacity purchases to avoid shortfalls during peak periods. These purchases are budgeted 1.5 years in advance to account for capacity price uncertainty, with energy charges adjusted throughout the year to pass through unbudgeted costs; and
- CIPCO maintains liquidity, with $110 million or 255 days' worth of operating expenses available, including $10 million of unrestricted cash and investments and $100 million in undrawn committed lines of credit, as of Dec. 31, 2025. However, several members exhibited very weak cash levels at fiscal year-end 2024, which could in turn constrain their individual financial flexibility as well CIPCO's ultimate ability to pass through costs.

Tempering the preceding credit strengths are the following factors:

- Through 2031, CIPCO projects adding more than $507 million of long-term debt (a 109% increase), which management plans to finance with RUS loans, to support the construction of new gas generation and various transmission investments. CIPCO is also contemplating additional debt issuances as soon as 2032 to fund additional future generation facilities. These debt additions could constrain CIPCO's financial flexibility and, more directly, its FCC;
- CIPCO has observed a marked increase in cryptocurrency load for a number of its members – it expects these customers to comprise roughly one quarter of 2026 energy sales (up from 3% in 2025). The cooperative has developed a strategy to limit risk to itself and its members from stranded costs and cross-subsidization; it is not carrying any capacity on behalf of the customers, and the energy procurements are a straight passthrough with a slight markup. CIPCO also requires these customers to pay a minimum monthly transmission charge, pay for transmission upgrades upfront, and post irrevocable letters of credit to their respective members. Nonetheless, the additional margin provided by these customers translates to an increase in revenue concentration for the cooperative; and
- CIPCO's customer base is highly dispersed and rural, with about five customers per line mile, which results in relatively high fixed cost allocation per customer, which could in turn constrain distribution members' rate-making flexibility. In addition, because of the high unpredictability of federal policy--along with the economy's stressors and the associated financial pressures consumers are facing--we are monitoring the strength and stability of electric utilities' revenue streams for evidence of delinquent payments or other revenue erosion. (See "Economic Outlook U.S. Q2 2026: Curb Your Enthusiasm," Mar. 25, 2026.)

Environmental, social, and governance

In our opinion, CIPCO faces moderate climate transition risk exposure due to the presence of coal-fired generation in its power supply portfolio; coal provided 26% of energy requirements in 2025. While CIPCO's coal presence is relatively low compared to that of many Midwest peers, and has declined by more than 30% over the past decade, we believe the cooperative remains exposed to potential future greenhouse gas emission regulations. We also note that CIPCO faces physical environmental risks, as evidenced by major derecho storms and extreme winter weather over the past few years, although management's planning, policies, and procedures have limited financial and operational impacts to the cooperative.

Social and governance factors are neutral for the rating, highlighted by CIPCO’s near- (albeit slightly above) average member rates, competitive wholesale rates, and management’s sound financial and operational policies, including a well-maintained target of at least 1.2x debt service coverage, leverage ratios (an equity-to-asset ratio that has exceeded the targeted 20%), level principal amortization that results in a declining trend of annual debt service requirements, and long-term financial and power supply planning.

Outlook

The stable outlook reflects our expectation that the cooperative will continue to ensure operational reliability and mitigate market exposure through a multi-pronged approach (including procuring long-term PPAs, purchases of short-term baseload contracts, and adding new owned generation) and will produce sound coverage metrics through dynamic rate adjustments and cost management. The outlook further reflects our view that CIPCO's robust liquidity will provide a financial cushion in the face of potential unbudgeted costs.

Downside scenario

We could lower the rating within the next two years if the cooperative's coverage and liquidity decline significantly, whether due to materially higher debt service payments, inadequate rate adjustments to pass through costs to distribution members, or market disruptions (which could occur during extreme weather) causing material financial damages.

Upside scenario

We are unlikely to raise the rating over the next two years given CIPCO's projected financial metrics showing potentially moderating FCC as well as its material fuel and energy market exposure over the near term.

Credit Opinion

CIPCO is a G&T cooperative that supplies power to 12 rural electric distribution cooperatives plus the South Iowa Municipal Electric Cooperative Assn. (SIMECA), which combines the load of 15 small municipalities. CIPCO members and SIMECA serve a total of more than 133,000 electric accounts and a population of about 300,000 across much of southern and eastern Iowa. CIPCO's service area economy is somewhat concentrated in agriculture. The cooperative's members serve an exceptionally rural and dispersed population, with the 12 member cooperatives averaging five customers per line mile, and only two members serving more than five per line mile. All members charge overall weighted average rates that are above the state average, according to the most recent available data from the Energy Information Administration. The sparse service territories and the cooperative’s 58% load factor contribute to reduced efficiency in recovery of fixed costs for the member cooperatives, leading to higher rates.

CIPCO's energy deliveries are diverse, with a fuel mix that consisted of wind (39.6%), coal (25.9%), solar (6.5%), natural gas (3.3%), spot market purchases (14.2%), short-term bilateral energy purchases (4.1%), and other resources (2.9%) in 2025. A growing portion of CIPCO's load (3.5% in 2025, projected at 24.9% in 2026) is directly served by passthrough market purchases – CIPCO has no requirement to carry capacity on behalf of these customers, nor has it contracted forward energy purchases. The utility's current energy portfolio provides about 609 MW of capacity, consisting of minority interests in coal plants; one wholly owned peaking facility (Summit Lake repowering project); and contractual resources from a mix of hydro, wind, solar, landfill gas, and diesel gas units. We view CIPCO's power supply as diverse, with no reliance on a single plant or fuel.

We understand that management currently maintains no mid- or long-term natural gas hedges, but has the ability to hedge with a short turnaround if necessary. However, this could lead to greater price uncertainty in the future if fuel prices rise unexpectedly.

Ratings List	
Current Ratings	
Cooperative Utilities	
Central Iowa Pwr Coop, IA Rural Electric Cooperative System ICR	A/Stable

The ratings appearing below the new issues represent an aggregation of debt issues (ASID) associated with related maturities. The maturities similarly reflect our opinion about the creditworthiness of the U.S. Public Finance obligor's legal pledge for payment of the financial obligation. Nevertheless, these maturities may have different credit ratings than the rating presented next to the ASID depending on whether or not additional legal pledge(s) support the specific maturity's payment obligation, such as credit enhancement, as a result of defeasance, or other factors.